COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Council Regulation (EC) No 1165/98 concerning short-term statistics

(presented by the Commission)

EXPLANATORY MEMORANDUM

The Short-term Statistics (STS) Council Regulation Nr. 1165/98 provided the basis for collecting a range of monthly and quarterly indicators on the evolution of the business cycle for economic and monetary policy. The creation of the Monetary Union established the urgent need for such statistics. The STS Regulation was a compromise between more far-reaching requirements from economic and monetary policy makers and the limited means and resources of National Statistical Institutes in Member States. Consequently, soon after the STS Regulation came into force, it became quite evident that the effort to improve the short-term statistics had to continue after the 5-year implementation period foreseen in the STS Regulation.

A document of the European Central Bank published in 2000 on the requirements on general economic statistics made that need again evident. Since that time, Eurostat has been in discussion with the Member States about the contents of an Amendment Regulation while respecting the Member States priorities on the implementation of the existing Regulation.

The EMU Action Plan of autumn 2000 named import prices and the distinction of the Euro-zone for non-domestic industrial indicators as priority targets for complementing the STS Regulation. In addition, subsequent progress reports to the action plan called for a stronger emphasis on service sector statistics.

Finally, the work of the SPC resulted in a set of Principle European Economic Indicators (PEEI) that named desirable timeliness and deadlines for implementation including the indicators import prices and service prices that have not been covered by the original STS Regulation. The European Council has approved the PEEI.

The requests of the EMU Action Plan and the PEEI have been incorporated into the submitted proposal for a STS Amendment Regulation to the European Council and the European Parliament. A compromise on the exact terms was achieved with the Member States with the exception of Austria, which has expressed principle legal objections. The Acceding Countries and EFTA Countries have been strongly involved in the discussions on the draft Amendment Regulation. All Acceding Countries except Hungary, which sees resource problems for the implementation, support the proposed draft.

The draft STS Amendment Regulation covers a wide range of improvements to the existing Short-term Statistics Council Regulation. The most important points are:

– The addition of a variable on import prices with a similar level of detail as the output price variable.

– The distinction of the Euro-zone in industrial indicators for the non-domestic markets of turnover, new orders, output prices and import prices. The level of detail is limited to the 2-digit NACE/CPA level of detail.

– The addition of a output price index for a selection of particular relevant service sectors for which consumer price indices are not providing a sufficient picture of the price evolution. The indicator aims at a corporate output price index for services delivered from enterprises to other enterprises as customers.

– The change of the reference period for production in construction from 'at least quarterly' to monthly. Such an indicator provides for the first time a sufficiently responsive indicator for the extremely volatile construction sector.

– Shortening of the delays for a series of short-term statistics indicators that are also covered by the Principle European Economic Indicators (PEEI) to the timeliness conditions that have been agreed for the PEEI.

– Many detailed operational improvements that originate from the practice with the data collection and processing under the current STS Regulation, such as a more consistent treatment of data aggregates and data adjustments (working day and seasonal adjustments).

– The clarification of construction costs and prices in construction. The current STS Regulation aims at construction costs but allows using output prices for buildings as approximation. The Amendment Regulation limits this practice to a transition period and stipulates a feasibility study to establish a price index alongside the construction cost index.

The draft Amendment Regulation explicitly encourages the definition of a European approach for various indicators, i.e. a common import price indicator for the Euro-zone. A pilot project for such an approach currently implemented in the Member States concerns the turnover index for retail trade. A reduced sample size will be a key element for reducing the delay for the retail trade index from the current t+60 days after the reference period to t+30 days by the beginning of 2004. The turnover index for retail trade is a significant indicator of consumer demand. A European scheme will need a different methodology for each indicator.

The draft Amendment Regulation requires a set of feasibility studies with the explicit possibility to modify the list of variables and their conditions through a Comitology procedure:

– The 'hours worked' variable for retail trade as well as other services;

– The 'gross wages and salaries' indicator for retail trade as well as other services;

– A monthly reference period for turnover in other services.

The draft Amendment Regulation also includes a number of simplifications in technical details. They have been defined in close co-operation with the ECB with the objective to reduce the workload of National Statistical Institutes without putting the value of short-term statistics at risk. In particular, the large number of small future Member States has been given particular consideration. The draft Regulation makes significant concessions in the level of detail and reference period for a number of indicators for those Member States whose value added is below 1% of the EU total value added.

In sum, the STS Amendment Regulation is a major step forward towards achieving a system of short-term statistics that corresponds to the requirements of economic and monetary policy. The compromise laid down in the draft Amendment Regulation tackles many of the gaps of the current Regulation while providing Member States with sufficient time for the implementation of the changes. In addition, the draft Regulation stipulates analyses into further steps with a facilitated (Comitology) procedure in case of success. This provision increases the flexibility of the short-term statistics to respond to the requirements of economic and monetary policy.

The proposed Regulation is submitted to the European Parliament and the Council for their consideration.

2003/0325 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Council Regulation (EC) No 1165/98 concerning short-term statistics

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 285(1) thereof,

Having regard to the proposal from the Commission[1],

Having consulted the European Central Bank in accordance with Article 105(4) of the Treaty[2],

Acting in accordance with the procedure laid down in Article 251 of the Treaty,

Whereas:

(1) Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics[3] established a common basic framework for the collection, compilation, transmission and evaluation of Community business statistics for the purpose of the analysis of the economic cycle.

(2) The implementation of the Regulation (EC) No 1165/98 effected by Commission Regulations (EC) No 586/2001[4], (EC) No 588/2001[5], and (EC) No 606/2001[6], concerning respectively the definition of Main Industrial Groupings (MIGs), the definition of variables and the granting of derogations to Member States, has created a body of practical experience that allows the identification of measures for further improvements in the short-term statistics.

(3) The Ecofin Council in its Action Plan on EMU Statistical Requirements and in subsequent progress reports on the implementation of that Action Plan, identified additional fundamental aspects for the improvement of the statistics covered by Regulation (EC) No 1165/98.

(4) For its monetary policy, the European Central Bank needs a further development of short-term statistics as is stated in its document ECB Statistical Requirements in the

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1 OJ C , , p. .
2 OJ C , , p. .
3 OJ L 162, 5.6.1998, p. 1
4 OJ L 86, 27.3.2001, p. 11.
5 OJ L 86, 27.3.2001, p. 18.
6 OJ L 92, 2.4.2001, p. 1.

field of General Economic Statistics, and in particular, the Bank needs timely, reliable and meaningful aggregates for the euro-zone.

(5) The Statistical Programme Committee, established by Council Decision 89/382/EEC[7] has identified Principle European Economic Indicators (PEEI) that go beyond the scope of Regulation (EC) No 1165/98.

(6) It is therefore necessary to amend Regulation (EC) 1165/98 in areas of particular importance to monetary policy and to the study of the business cycle.

(7) The measures provided for in this Regulation are in accordance with the opinion of the Statistical Programme Committee.

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 1165/98 is amended as follows:

(1) In Article 4 (2) the following text is added:

> "(d) Participation in European sample schemes co-ordinated by Eurostat in order to produce European estimates.
>
> The details of the schemes referred to in point (d) shall be as specified in the Annex. Their approval and implementation shall be governed by the procedure laid down in Article 18.
>
> European sample schemes shall be established only when national sample schemes do not meet the European requirements. Participation in a European sample scheme shall satisfy the conditions of a Member State for the supply of the variable concerned according to the objective of the European scheme. European schemes may target the conditions, the level of detail and the deadlines for data transmission."

(2) Annexes A to D are amended as shown in the Annex to this Regulation.

Article 2

This Regulation shall enter into force on the 20th day following that of its publication in the *Official Journal of the European Union*.

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[7] OJ L 181, 28.6.1989, p. 47.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament *The President*	*For the Council* *The President*

ANNEX

PART (A)

ANNEX A TO REGULATION (EC) NO. 1165/98 IS AMENDED AS FOLLOWS:

Scope

The text under heading (a) ("Scope") is replaced by the following:

"This Annex applies to all activities listed in Sections C to E of NACE, or as the case may be, to all products listed in Sections C to E of the CPA."

List of variables

The text under heading (c) ("List of variables") is amended as follows:

(1) The following variable is added to paragraph 1:

Variable	Name
340	Import prices

(2) Paragraph (2) is replaced by the following:

"2. The information on output prices for non-domestic markets (No 312) and import prices (No 340) may be compiled using unit values for products originating from foreign trade or other sources only if there is no significant deterioration in quality compared to specific price information. The Commission shall determine in accordance with the procedure laid down in Article 18, the conditions for assuring the necessary data quality."

(3) Paragraph (9) is replaced by the following text:

"9. The information on output prices and import prices (Nos. 310, 311, 312 and 340) is not required for the following groups of NACE respectively CPA: 12.0, 22.1, 23.3, 29.6, 35.1, 35.3, 37.1, 37.2. The list of groups may be revised until [date to be determined to be 3 years after the entry into force of this Amendment Regulation] in accordance with the procedure laid down in Article 18."

(4) The following paragraph 10 is added:

"10. The variable on import prices is calculated on the basis of CPA products. The importing kind-of-activity units may be classified outside the activities of Sections C to E of NACE."

Form

Under heading (d) ("Form"), paragraphs 1 to 4 are replaced by the following:

"1. All of the variables are to be transmitted in unadjusted form, if available.

2. In addition, the production variable (No 110) and the hours-worked variable (No 220) are to be transmitted in working day adjusted form. Wherever other variables show working day effects, Member States may transmit these variables also in working day adjusted form. The list of variables to be transmitted in working-day adjusted form may be amended in accordance with the procedure laid down in Article 18.

3. In addition, Member States may transmit the variables seasonally adjusted and may also transmit the variables in the form of trend-cycles. Only if data are not transmitted in these forms, may the Commission (Eurostat) produce and publish seasonally adjusted and trend cycle series for these variables.

4. Variables Nos. 110, 310, 311, 312 and 340 are to be transmitted as an index. All other variables are to be transmitted either as an index or as absolute figures."

Reference period

Under heading (e) (Reference period"), the following variable is added:

Variable	Reference period
340	month

Level of detail

The text under heading (f) ("Level of detail"), is amended as follows:

(1) Paragraphs 1 and 2 are replaced by the following:

"1. All variables, except the import price variable (No 340), are to be transmitted at the Section (1 letter), Sub-section (2 letter) and Division 2-digit level of NACE. The variable 340 is to be reported at the Section (1 letter), Sub-section (2 letter) and Division 2-digit level of CPA"

"2. In addition, for Section D of NACE, the index of production (No 110) and the index of output prices (Nos. 310, 311, 312) are to be transmitted at the 3-digit and 4-digit levels of NACE. The index of import prices (No 340) is to be transmitted at the 3-digit and 4-digit levels of CPA. The transmitted indices for production and output prices at the 3-digit and 4-digit levels must represent at least 90% of the total value added for each Member State of Section D of NACE in a given base year. The transmitted indices for import prices at the 3-digit and 4-digit levels must represent at least 90% of the total import for each Member State of products belonging to Section D of CPA in a given base year. The variables need not be transmitted at these detailed levels by those Member States whose total value added of Section D of NACE (or the imports of products in Section D of CPA) in a given base year represents less than 4% of the European Community total."

(2) Paragraph 4 is replaced by the following:

"4. In addition, all variables except for the turnover and new orders variables (Nos. 120, 121, 122, 130, 131, 132) are to be transmitted for total industry defined as NACE Sections C to E and the main industrial groupings (MIGs) as defined in Commission Regulation 586/2001."

(3) The following paragraphs 5 to 10 are added:

"5. The turnover variables (Nos. 120, 121, 122) are to be transmitted for total industry defined as NACE Sections C and D and the main industrial groupings with the exception of the main industrial grouping defined for energy related activities.

6. The new orders variables (Nos. 130, 131, 132) are to be transmitted for total manufacturing, Section D of NACE and a reduced set of main industrial groupings calculated from covering the list of NACE Divisions defined in paragraph 8 under heading (c) ("List of variables") of this Annex.

7. The import price variable (No 340) is to be transmitted for total industrial products, Sections C to E of CPA and main industrial groupings (MIGs) defined in accordance with the Regulation (EC) No 586/2001 from product groups of the CPA.

8. For the import price variable (No 340), the Commission may determine in accordance with the procedure laid down in Article 18, the terms for applying a European sample scheme as defined in Article 4(d).

9. The variables on the non-domestic markets (Nos. 122, 132 and 312) are to be transmitted according to the distinction into euro-zone and non-euro-zone. The distinction is to be applied to the total industry defined as NACE Sections C to E, the main industrial groupings, the Section (1 letter), Sub-section (2 letter) and Division 2-digit level of NACE. The information on NACE E is not required for variable 122. In addition, the import price variable (No 340) is to be transmitted according to the distinction into euro-zone and non-euro-zone. The distinction is to be applied to the total industry defined as CPA Sections C to E, the main industrial groupings, the Section (1 letter), Sub-section (2 letter) and Division 2-digit level of CPA. For the distinction into the euro-zone and non-euro-zone, the Commission may determine in accordance with the procedure laid down in Article 18, the terms for applying European sample schemes as defined in Article 4(d). The European scheme may limit the scope of the import price variable to the import of products from non-euro-zone countries. The distinction into the euro-zone and non-euro-zone for the variables 122, 132, 312 and 340 does not need to be delivered by those Member States that have not adopted the euro as their currency.

10. Those Member States whose value added in Sections C, D and E of NACE in a given base year represents less than 1% of the European Community total only need to transmit data for total industry, main industrial groupings, and NACE Section level, or CPA Section level."

Deadlines for data transmission

The text under heading (g) ("Deadlines for data transmission") is amended as follows:

(1) In paragraph 1, certain variables are amended, or added, as follows:

Variable	Deadlines
110	1 month and 10 calendar days
(…)	(…)
210	2 months
(…)	(…)
340	1 month and 15 calendar days

(2) Paragraph 2 is replaced by the following:

"2. The deadline may be up to 15 calendar days longer for data on the NACE Group and Class levels or the CPA Group and Class levels.

For those Member States whose value added in Sections C, D and E of NACE in a given base year represents less than 3% of the European Community total, the deadline may be up to 15 calendar days longer for data on total industry, main industrial groupings, NACE Section and Division level or CPA Section and Division level."

Pilot studies

Under heading (h) ("Pilot Studies"), items 2 and 3 are deleted.

First reference period

Under heading (i) ("First reference period") the following paragraphs are added:

"The first reference period for the transmission of the distinction of the variables on the non-domestic markets into euro-zone and non-euro-zone is not later than January 2005."

"The first reference period for the variable 340 is not later than January 2006 on condition that a base year not later than 2005 is applied."

Transition period

Under heading (j) ("Transition period"), the following paragraphs are added:

"3. A transition period ending no longer than [date to be determined to be 2 years after the entry into force of this Amendment Regulation] may be conceded for the variable 340 and the distinction into the euro-zone and non-euro-zone for the variables 122, 132, 312 and 340 in accordance with the procedure laid down in Article 18.

4. A transition period ending no later than [date to be determined to be 2 years after the entry into force of this Amendment Regulation] may be conceded for the change of the deadlines for data transmission for variable 110.

5. A transition period ending no longer than [date to be determined to be one year after the entry into force of this Amendment Regulation] may be conceded for the change of the deadlines for data transmission for variable 210."

PART (B)

ANNEX B TO REGULATION (EC) NO. 1165/98 IS AMENDED AS FOLLOWS:

List of variables

The text under heading (c) ("List of variables") is amended as follows:

(1) Paragraph 5 is replaced by the following text:

"5. Only if construction costs variables (Nos. 320, 321, 322) are not available, may they be approximated by the output prices variable (No 310). This practice shall be permitted until [date to be determined to be 5 years after the entry into force of this Amendment Regulation]."

(2) The following paragraph 6 is added:

"6. The Commission shall institute a series of studies to be undertaken by the Member States. The studies shall be carried out taking into account the benefits of collecting the data in relation to the cost of collection and burden on business to:

(a) assess the feasibility of a quarterly variable of output prices (No 310) in construction;

(b) define a suitable methodology for the data collection and index calculation.

The Commission shall no later than [date to be determined to be one year after the entry into force of this Amendment Regulation] propose a definition to be applied to the output price variable.

Member States shall submit a report to the Commission on the results of the studies no later than [date to be determined to be 2 years after the entry into force of this Amendment Regulation].

Acting in accordance with the procedure laid down in Article 18, the Commission shall decide no later than [date to be determined to be 3 years after the entry into force of this Amendment Regulation] whether to invoke Article 17(b) to include the output price variable with effect from base year 2010."

Form

The text under heading (d) ("Form") is replaced by the following:

“1. All of the variables are to be transmitted in an unadjusted form, if available.

2. In addition, the variables on production (Nos. 110, 115, 116) and the hours worked variable (No 220) are to be transmitted in working day adjusted form. Wherever other variables show working day effects, Member States may transmit these variables also in working day adjusted form. The list of variables to be transmitted in working-day adjusted form may be amended in accordance with the procedure laid down in Article 18.

3. In addition, Member States may transmit the variables seasonally adjusted and may also transmit the variables in the form of trend-cycles. Only if data are not transmitted in these forms, may the Commission (Eurostat) produce and publish seasonally adjusted and trend cycle series for the variables.

4. Variables 110, 115, 116, 320, 321 and 322 are to be transmitted as an index. Variables 411 and 412 are to be transmitted as absolute values. All other variables are to be transmitted either as an index or as absolute figures.”

Reference period of variables

The text under heading (e) ("Reference period") is replaced by the following:

"A reference period of a month shall apply to variables 110, 115 and 116. A reference period of at least a quarter shall apply to all other variables in this Annex.

Those Member States whose value added in Section F of NACE in a given base year represents less than 1% of the Community total need only supply variables 110, 115 and 116 with a reference period of a quarter."

Level of detail

Under heading (f) ("Level of detail"), the following paragraph 6 is added:

"6. Those Member States whose value added in Section F of NACE in a given base year represents less than 1% of the European Community total only need to transmit data for total construction (NACE Section level)."

Deadlines for data transmission

Under heading (g) ("Deadlines for data transmission") the variables 110, 115, 116 and 210 are replaced by the following:

Variable	Deadlines
110	1 month and 15 calendar days
115	1 month and 15 calendar days
116	1 month and 15 calendar days
(…)	(…)
210	2 months

Pilot studies

Under heading (h) ("Pilot studies"), items 1 and 3 are deleted.

First reference period

Under heading (i) ("First reference period"), the following text is added:

"The first reference period for the transmission of variables 110, 115, and 116 with a monthly reference period is not later than January 2005."

Transition period

Under heading (j) ("Transition period"), the following paragraphs 3 and 4 are added:

"3. A transition period ending [date to be determined to be 2 years after the entry into force of this Amendment Regulation] may be conceded for the amendment of the reference period for variables 110, 115, and 116 in accordance with the procedure laid down in Article 18.

4. A transition period ending [date to be determined to be 2 years after the entry into force of this Amendment Regulation] may be conceded for the change of the deadlines for data transmission for variables 110, 115, 116 and 210 in accordance with the procedure laid down in Article 18."

PART (C)

ANNEX C TO REGULATION (EC) NO. 1165/98 IS AMENDED AS FOLLOWS:

List of variables

Under heading (c) ("List of variables"), the following paragraph 4 is added:

"4. The Commission shall institute a series of studies to be undertaken by the Member States. The studies shall be carried out taking into account the benefits of collecting the data in relation to the cost of collection and burden on business to:

(a) assess the feasibility of delivering a quarterly variable of hours worked (No 220) for retail trade and repair;

(b) assess the feasibility of delivering a quarterly variable of gross wages and salaries (No 230) for retail trade and repair;

(c) define a suitable methodology for data collection and index calculation.

Member States shall submit a report on the results of the studies to the Commission no later than [date to be determined to be 2 years after the entry into force of this Amendment Regulation].

In accordance with the procedure laid down in Article 18, the Commission shall decide no later than [date to be determined to be 3 years after the entry into force of this Amendment Regulation] whether to invoke Article 17(b), as to include the variable hours worked (No 220) and the variable gross wages and salaries (No 230) with effect from the base year 2010."

Form of variables

Under heading (d) ("Form of variables"), paragraphs 1 and 2 are replaced by the following:

"1. All of the variables are to be transmitted in an unadjusted form, if available.

2. The turnover variable (No 120) and the volume of sales variable (No 123) are also to be transmitted in a working-day adjusted form. Wherever, other variables show working day effects, Member States may transmit these variables also in working day adjusted form. The list of variables to be prepared in working-day adjusted form may be amended in accordance with the procedure laid down in Article 18."

Level of detail

The text under heading (f) ("Level of detail") is amended as follows:

(1) Paragraph 1 is replaced by the following:

"1. The turnover variable (No 120) and the deflator of sales/volume of sales variables (No 330/123) are to be transmitted according to the levels of detail defined in paragraphs 2, 3 and 4. The number of persons employed variable (No 210) is to be transmitted according to the level of detail defined in paragraph 4."

(2) The following paragraph 5 is added:

"5. Those Member States whose turnover in Division 52 of NACE in a given base year represents less than 1% of the European Community total, need only transmit the turnover variable (No 120) and the deflator of sales/volume of sales variables (No 330/123) according to the levels of detail defined in paragraphs 3 and 4."

Deadlines for data transmission

The text under heading (g) ("Deadlines for data transmission") is replaced by the following:

“1. The variables shall be transmitted for turnover (No 120) and the deflator of sales/volume of sales (No 330/123) within two months at the levels of detail specified in paragraph 2 under heading (f) of this Annex. The deadline may be up to 15 days longer for those Member States whose turnover in Division 52 in a given base year represents less than 3% of the European Community total.

2. The variables shall be transmitted for turnover (No 120) and the deflator of sales/volume of sales (No 330/123) within one month for the level of detail specified in paragraphs 3 and 4 under heading (f) of this Annex. Member States may choose to participate for the turnover and deflator of sales/ volume of sales variables Nos. 120 and 330/123 with contributions according to the allocation of a European sample scheme as defined in point (d) of Article 4(2). The terms of the allocation are to be determined in accordance with the procedure laid down in Article 18.

3. The variable number of persons employed shall be transmitted within 2 months after the end of the reference period. The deadline may be up to 15 days longer for those Member States whose turnover in Division 52 in a given base year represents less than 3% of the European Community total.”

Pilot studies

Under heading (h) ("Pilot studies"), items 2 and 4 deleted.

Transition period

Under heading (j) ("Transition period"), the following paragraph 4 is added:

"4. A transition period ending no later than [date to be determined to be one year after the entry into force of this Amendment Regulation] may be conceded for the change of the deadlines for data transmission of the variable 210 in accordance with the procedure laid down in Article 18."

PART (D)

ANNEX D TO REGULATION (EC) NO. 1165/98 IS AMENDED AS FOLLOWS:

List of variables

The text under heading (c) ("List of variables") is amended as follows:

(1) In paragraph 1 the following variable is added:

Variable	Name
310	Output prices

(2) The following paragraphs 3 and 4 are added:

“3. The output price variable (No 310) covers services delivered to customers that are enterprises or persons representing enterprises.

4. The Commission shall institute a series of studies to be undertaken by the Member States. The studies shall be carried out taking into account the benefits of collecting the data in relation to the cost of collection and burden on business to:

(a) assess the feasibility of delivering a quarterly variable of hours worked (No 220) for other services;

(b) assess the feasibility of delivering a quarterly variable of gross wages and salaries (No 230) for other services;

(c) define a suitable methodology for data collection and index calculation;

(d) define a suitable level of detail. The data shall be broken down by economic activities defined by NACE Sections and by further dis-aggregations, not beyond the level of NACE Divisions (two-digit level) or groupings of Divisions.

Member States shall submit a report on the results of the studies to the Commission not later than [date to be determined to be 2 years after the entry into force of this Amendment Regulation].

Acting in accordance with the procedure laid down in Article 18, the Commission shall decide no later than [date to be determined to be 3 years after the entry into force of this Amendment Regulation] whether to invoke Article 17(b) as to include the variable hours worked (No 220) and the variable gross wages and salaries (No 230) with effect from base year 2010."

Form of variables

The text under heading (d) ("Form of the variables") is amended as follows:

(1) Paragraphs 1 and 2 are replaced by the following:

"1. All of the variables are to be transmitted in unadjusted form, if available.

2. The turnover variable (No 120) is also to be transmitted in working-day adjusted form. Wherever other variables show working day effects, Member States may transmit these variables also in working day adjusted form. The list of variables to be prepared in working-day adjusted form may be amended in accordance with the procedure laid down in Article 18."

(2) Paragraph 4 is replaced by the following:

"4. The output price variable (No 310) is to be transmitted as an index. All other variables are to be transmitted as an index or as absolute figures."

Reference period

Under heading (e) ("Reference period"), the following text is added:

"2. The Commission shall institute studies to be undertaken by the Member States. The studies shall be carried out taking into account the benefits of a reduced reference period in relation to the cost of collection and burden on business to assess the feasibility of reducing the reference period of a quarter for the turnover variable (No 120) to a reference period of a month;

Member States shall submit a report on the results of the studies to the Commission no later than [date to be determined to be 2 years after the entry into force of this Amendment Regulation].

In accordance with the procedure laid down in Article 18, the Commission shall decide no later than [date to be determined to be 3 years after the entry into force of this Amendment Regulation] whether to invoke Article 17(d) in connection with a revision of the frequency of compilation of the turnover variable."

Level of detail

The text under heading (f) (Level of detail") is amended as follows:

(1) Paragraphs 3 and 4 are replaced by the following:

"3. For Divisions 50, 51, 64 and 74 of NACE, the turnover variable need only be transmitted at the 2 digit level by those Member States whose turnover in those divisions of NACE in a given base year represents less than 4 % of the European Community total.

4. For Section I of NACE, the number of persons employed variable (No 210) needs only be transmitted at Section level by those Member States whose total value added in Section I in a given base year represents less than 4 % of the European Community total."

(2) The following paragraphs 5, 6 and 7 are added:

"5. The output price variable (No 310) is to be transmitted according to the following activities and groupings of NACE:

60.24, 63.11, 63.12, 64.11, 64.12 at 4 digits;

61.1, 62.1, 64.2 at 3 digits;

72.1 to 72.6 at 3 digits;

sum of 74.11 to 74.14;

sum of 74.2 and 74.3;

74.4 to 74.7 at 3 digits.

NACE 74.4 may be indicated approximately by advertising placements.

NACE 74.5 covers the total price of labour recruited and personnel provided.

6. The list of activities and groups of activities may be amended no later than [date to be determined to be 3 years after the entry into force of this Amendment Regulation] in accordance with the procedure laid down in Article 18.

7. For Division 72, the output price variable (No 310) need only to be transmitted at the 2 digit level by those Member States whose turnover in those divisions of NACE in a given base year represents less than 4% of the European Community total."

Deadlines for data transmission

The text under heading (g) ("Deadlines for data transmission") is replaced by the following:

"The variables shall, after the end of the reference period, be transmitted within the following deadlines:

Variable	Deadlines
120	2 months
210	2 months
310	3 months

First reference period

Under heading (i) ("First reference period"), the following text is added:

"The first reference period for transmission of the output price variable No 310 is not later than the first quarter of 2005. A derogation of a further year may be conceded for the first reference period in accordance with the procedure laid down in Article 18, on condition that a base year not later than 2005 is applied."

Transition period

Under heading (j) ("Transition period") the following paragraphs are added:

"A transition period ending no later than [date to be determined to be 3 years after the entry into force of this Amendment Regulation] may be conceded for the variable No 310 in accordance with the procedure laid down in Article 18. A further transition period of one year may be conceded for the implementation of variable No 310 for the NACE Divisions 63 and 74.

A transition period ending no later than [date to be determined to be one year after the entry into force of this Amendment Regulation] may be conceded for the change of the deadlines for data transmission for the variables 120 and 210 in accordance with the procedure laid down in Article 18."

LEGISLATIVE FINANCIAL STATEMENT

Policy area(s): Statistics
Activit(y/ies): Business Statistics; Short-term Statistics

TITLE OF ACTION: Proposal for a Regulation of the European Parliament and the Council (EC) No …/…, amending Council Regulation (EC) No 1165/98 concerning short-term statistics.

1. BUDGET LINE(S) + HEADING(S)

B5-600 (ESTAT) Statistical Information Policy

2. OVERALL FIGURES

2.1. Total allocation for action (Part B):

4.5 € million for commitment. The existing budget allocation on this line already covers this amount and no additional resources are necessary. This proposal is consistent with the existing financial programming of the Commission.

2.2. Period of application:

From 2004/2005 onwards without limitation in period of application.

2.3. Overall multiannual estimate of expenditure:

(a) Schedule of commitment appropriations/payment appropriations (financial intervention) *(see point 6.1.1)*

€ million (*to three decimal places)*

	Year [n]	[n+1]	[n+2]	[n+3]	[n+4]	[n+5 and subs. Years]	Total
Commitments*	1.500	1.500	1.500	0	0	0	4.500
Payments	0.500	1.500	1.500	0.500	0.500	0	4.500

* Expected breakdown of expenditure between budget lines for each year (€ million):

All budget to be imputed on budget line B5-6000. The schedule will be subject to an annual decision of Eurostat on the allocation of resources to this action.

(b) Overall financial impact of human resources and other administrative expenditure*(see points 7.2 and 7.3)*

Commitments/ payments	0.108	0.108	0.108	0.108	0.108	0.108	0.648

The human resources indicated will be covered within the existing allocation of Policy Area Statistics.

The human resources are necessary for the reception, validation and processing of data from Member States and are not related to the expenditure in form of grants.

Neither the Short-term Statistics Regulation, 1165/98, nor the proposed Amendment Regulation foresee an end date for the statistics to be established. Thus, the total of 0.648 Mio € only covers the first 6 years of operation. The same impact applies to subsequent years.

Total a+b							
Commitments	1.608	1.608	1.608	0.108	0.108	0.108	5.148
Payments	0.608	1.608	1.608	0.608	0.608	0.108	5.148

2.4. Compatibility with financial programming and financial perspective

Proposal is compatible with existing financial programming.

2.5. Financial impact on revenue:

No financial implications (involves technical aspects regarding implementation of a measure)

3. BUDGET CHARACTERISTICS

Type of expenditure		New	EFTA participation	Contributions form applicant countries	Heading in financial perspective
Non-comp	Diff	NO	YES	NO	**No 3 – Internal policies**

4. LEGAL BASIS

Articles 285, 157 and 165 of the Amsterdam Treaty establishing the European Community

Council Regulation (EC) No. 322/97 on Community Statistics

Decision No. 2367/2002/EC of the EP and of the Council of the 16th December 2002 on the Community Statistical Programme 2003 to 2007

Council Resolution 1165/98 concerning short-term statistics

5. DESCRIPTION AND GROUNDS

5.1. Need for Community intervention

5.1.1. Objectives pursued

The objective of this Proposal is to establish a legal framework for the provision of harmonised statistics for monetary policy in the framework of the EMU. The STS Amendment Regulation will answer to important requirements of the European Central Bank for improving the statistics required for monetary policy. These requirements have been reflected in the EMU Action Plan of 2000, its various progress reports and the list of Principle European Economic Indicators.

Once implemented, the improvements brought about by the Amendment Regulation will provide a better information basis for the monetary policy of the European Central Bank.

5.1.2. Measures taken in connection with ex ante *evaluation*

The Short-term Statistics (STS) Council Regulation 1165/98 concerning short-term statistics provided the basis for collecting a range of monthly and quarterly indicators on the evolution of the business cycle for economic and monetary policy. The Monetary Union created the urgent need for such statistics. The Regulation was a compromise between more far-reaching economic and monetary policy requirements and the limited means and resources of Member States. Consequently, even directly after the Regulation came into force, it was quite evident that the effort to achieve a more comprehensive coverage of short-term statistics would have to continue.

A paper of the European Central Bank published in 2000 on the requirements on general economic statistics made this need quite evident. Since that time, Eurostat has been in discussion with the Member States about the contents of an Amendment Regulation while respecting the Member States priorities on the implementation of the current Regulation. The EMU Action Plan of autumn 2000 named import prices and the distinction of the Euro-zone for non-domestic industrial indicators as priority targets for complementing the Short-term Statistics Regulation. Progress reports to the action plan also called for a stronger emphasis on service sector statistics. Finally, the work of the SPC resulted in a set of Principle European Economic Indicators (PEEI) naming desirable timeliness and deadlines for implementation. The PEEIs have been approved by the SPC, the European Commission and the ECOFIN Council.

Agreement on the draft has been achieved with all Member States, with the exception of Austria. It is supported by the Statistical Programme Committee. Austria has principle legal concerns with respect to Comitology provisions in the draft Amendment Regulation. The Acceding Countries and EFTA Countries have been involved in the discussions on the draft Regulation. Among the Acceding Countries, Hungary has expressed opposition due to a lack of national resources to implement the measures foreseen in the Amendment Regulation.

5.2. Action envisaged and budget intervention arrangements

The proposed Regulation describes the legal framework within which Member States' national statistical offices will provide the specified statistical variables. The variables to be provided will be detailed in implementing measures. Both this framework regulation and future implementing regulations will be "output" measures, defining the statistical variables to be provided, but leaving Member States flexibility in how to obtain the variables. Nevertheless, methodological guidelines will make recommendations for the implementation.

In practice, many Member States will extend existing surveys or conduct new specific surveys to obtain the results required. The Commission contribution will be based on grant applications submitted by Member States in advance which will include estimated cost statements. There will thus be a single annual action: to provide grants to national statistical institutes in Member States to assist in initial costs for implementing the required survey, e.g. feasibility studies, implementation costs, quality analyses, pilot studies. The grants will not cover any continuous costs for the operation of the required surveys. The Commission does not enter into any commitment with respect to the size of the grant programmes or the financing of specific actions.

5.3. Methods of implementation

Management of the grants procedure and all data handling will be carried out by permanent Commission staff, with no externalisation.

6. FINANCIAL IMPACT

6.1. Total financial impact on Part B - (over the entire programming period)

6.1.1. Financial intervention

Commitments (in € million to three decimal places)

Breakdown*	[Year n]	[n+1]	[n+2]	[n+3]	[n+4]	[n+5 and subs. Years]	Total
Action 1 - grants to MSs for preparatory actions required to set-up the necessary surveys	1.500	1.500	1.500	0	0	0	4.500
TOTAL	1.500	1.500	1.500	0	0	0	4.500

*Expected breakdown of expenditure between budget lines for each year (€ million):

All budget to be imputed on budget line B5-6000. The schedule will be subject to an annual decision of Eurostat on the allocation of resources to this action.

6.2. Calculation of costs by measure envisaged in Part B (over the entire programming period)[8]

Commitments (in € million to three decimal places)

Breakdown	Type of outputs (projects, files)	Number of outputs (total for years 1…n)	Average unit cost	Total cost (total for years 1…n)
	1	2	3	4=(2X3)
Action 1 Management of grant procedure	Results of grant projects: feasibility studies, pilot projects, survey set-up in Member states	75 grants (25 countries x 3 years)	0.060	4.500
TOTAL COST				

7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

7.1. Impact on human resources

The human resources indicated will be covered within the existing allocation of Policy Area Statistics.

Types of post		Staff to be assigned to management of the action using existing and/or additional resources: Number of permanent posts	Staff to be assigned to management of the action using existing and/or additional resources: Number of temporary posts	Total	Description of tasks deriving from the action
Officials or temporary staff	A	0		0	Database management, reception, validation and processing of data from Member States
	B	1		1	
	C	0		0	
Other human resources					
Total		1.0		1.0	

8 For further information, see separate explanatory note.

7.2. Overall financial impact of human resources

Type of human resources	Amount (€)	Method of calculation *
Officials Temporary staff	108.000	1 x 108.000
Other human resources (specify budget line)		
Total	108.000	

The amounts are total expenditure for twelve months.

7.3. Other administrative expenditure deriving from the action

Budget line (number and heading)	Amount €	Method of calculation
Overall allocation (Title A7) A0701 – Missions A07030 – Meetings A07031 – Compulsory committees [1] A07032 – Non-compulsory committees [1] A07040 – Conferences A0705 – Studies and consultations Other expenditure (specify)		
Information systems (A-5001/A-4300)		
Other expenditure - Part A (specify)		
Total		

The amounts are total expenditure for twelve months.

[1] Specify the type of committee and the group to which it belongs.

I.	Annual total (7.2 + 7.3)	108.000	€
II.	Duration of action	see remark	years
III.	Total cost of action (I x II)		€

Neither the Short-term Statistics Regulation 1165/98 nor the proposed Amendment Regulation foresee an end date for the statistics to be established. Thus neither a duration nor a total amount can be provided.

8. FOLLOW-UP AND EVALUATION

8.1. Follow-up arrangements

The implementation of this Regulation will be treated in a Comitology procedure. As specified in article 18 Council Regulation (EC) 1165/98 and in the passages relating to this article in the Amendment regulation, Commission Regulations will be developed in relation to the definition of variables and quality reports to Eurostat.

8.2. Arrangements and schedule for the planned evaluation

According to the Council Regulation (EC) 1165/98 article 14, the Commission establishes regular quality reports based on information to be provided by the Member States. This clause is also valid for the proposed Amendment regulation.

Based on this report, Commission services will evaluate the quality and, in consultation with Member States, make modifications to the procedures in force or to the methodological recommendations to improve compliance to quality standards in the future.

Moreover, the Commission services in close co-operation with the European Central Bank evaluate the quality of the data provided on a continuous, practically daily basis immediately after the transmission of data to the Commission and the passage of processed data to the European Central Bank. Immediate contacts to Member States for initiating remedy actions are a consequence of this monitoring activity.

9. ANTI-FRAUD MEASURES

A revised system of internal management and control was put in place following the Commission's Reform initiative on financial management. This system included a reinforced internal audit capability.

Annual monitoring of progress with implementation of the Commission's Internal Control Standards is designed to give assurance on the existence and functioning of procedures for prevention and detection of fraud and irregularities.

New rules and procedures have been adopted for the principal budgetary process: calls for tenders, grants, commitments, contracts and payments. The manual of procedures are made available to all those intervening in financial acts with a view to clarify responsibilities, simplify workflows and indicate key control points. Training on their use is provided. The manuals are subject to regular review and updating.